



## CONSTRUCTION BULLETIN

Volume XXV

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*Real Estate Economists, Appraisers and Counselors*

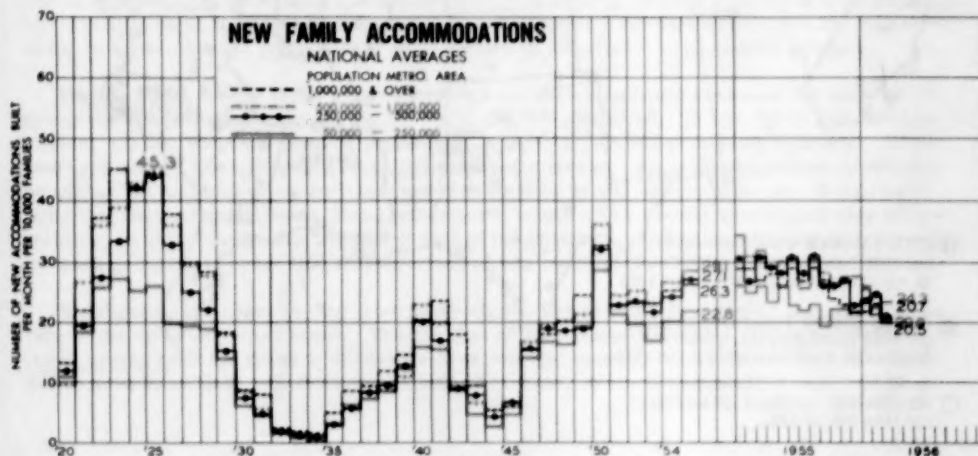
### THE DECLINE IN RESIDENTIAL CONSTRUCTION

**A**LTHOUGH residential construction has been declining over the entire country for the past several months, the smaller areas have experienced a good deal less difficulty than have the larger ones. As shown by the chart below, the rate (per 10,000 families) of residential construction in metropolitan areas of 50,000 to 250,000 population dropped only 9% from the end of 1954 through the first 3 months of 1956. In contrast, the other groups of larger metropolitan areas recorded drops that ranged from 17% to 24% in their residential construction rates.

This same characteristic is apparent in this table.

	1st 4 months 1956	1st 4 months 1955	Change No.	%
Total nonfarm starts	355,000	423,300	-68,300	-16
Starts in metropolitan areas	254,300	318,600	-64,300	-20
Starts in nonmetropolitan areas	100,700	104,700	-4,000	-4

Here we see that the nonmetropolitan areas have suffered a decline of only 4% in the number of dwelling units started during the first 4 months of 1956 when



compared with the same period in 1955. In contrast, starts in metropolitan areas have slumped 20% during the same period.

Undoubtedly the reason for this is that the smaller areas have never enjoyed the stimulation of easy credit to the same extent as have the larger areas. So, when credit is tightened, the strain is much less in those areas where there has been less of it.

During the first quarter of 1956, construction dipped in 60% of 168 standard metropolitan areas. The map below shows the comparisons between the number of starts during the first quarter of 1956 and the same period in 1955. Notice that the declines are spread across the entire country and are quite prevalent in the boom areas of the Southwest and Pacific Coast. West of the Mississippi, 70% of the areas suffered declines, while in the East, only 55% did.

Residential construction volume increased in 19% of the areas over the country as a whole. West of the Mississippi, the percentage was 20%, while in the East, it was 18%. Areas reporting no change in construction volume amounted to 21% over the entire country. West of the Mississippi, only 10% of the areas were in this category, while in the East, 26% of the areas were so classified.

CHANGES IN VOLUME OF RESIDENTIAL CONSTRUCTION  
FIRST QUARTER OF 1956 COMPARED WITH  
FIRST QUARTER OF 1955

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## EXPLANATION OF CHARTS

**R**ESIDENTIAL building in all metropolitan areas of the United States as defined by the 1950 Census is charted on the following pages. The 168 areas include all areas in which the central city had a 1950 population of more than 50,000.

In each city all suburbs, incorporated and unincorporated areas, have been contacted and every effort has been made to make this report as complete as possible. In most cities it has been possible to include practically all of the suburbs within the metropolitan area. For example, the New York City and Northeastern New Jersey area figures include the building in 326 suburban communities; the Chicago area includes building in 166 suburban communities; Philadelphia, 161; Detroit, 101; Los Angeles, 63; and Cleveland, 61. In all, more than 2,300 communities are represented in these charts.

On the charts the figures are expressed as the number of new family units started per 10,000 families in each metropolitan area as indicated by building permits. In non-permit-issuing areas, we requested the tax clerk to report to us the number of dwelling units added to the tax roll each month. In this computation, a single-family dwelling counts 1, a 2-family dwelling counts 2, and a 24-family apartment counts 24. All public housing and war housing projects have been included, along with buildings that were privately built and financed.

The blue italicized numerals on each chart give the number of new family accommodations built in the last 3 months for which figures are available. These are actual figures and are not adjusted for the number of families. The red italicized numerals give the corresponding figures for the corresponding period of a year ago.

It should be noticed on the individual charts that separate averages (medians) have been used for four groupings of metropolitan areas. The average number of new family accommodations built per month per 10,000 families is shown from 1920 to the present for metropolitan areas having from 50,000 to 250,000 people (the solid red line); for areas having from 250,000 to 500,000 people (the beaded red line); for areas having from 500,000 to 1,000,000 people (the dash-dot line); and for those areas having a population of over 1,000,000 (the dashed red line). Ninety-one areas fall into the first category; 44 into the second; 19 into the third; and 14 into the fourth.

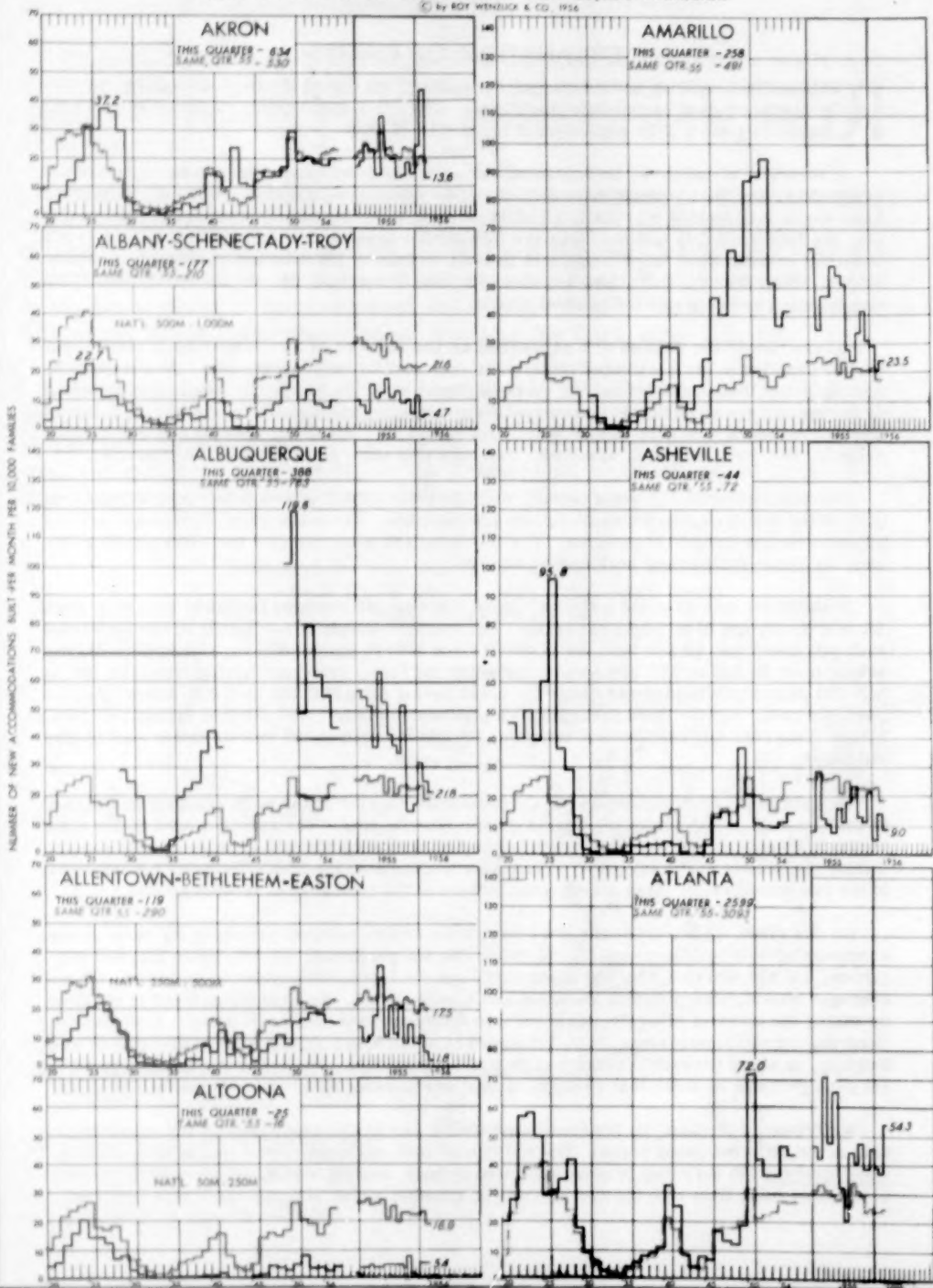
On each area chart is shown in red the national average for areas in its grouping in contrast to the blue line, which shows the figures for the specific area. The averages used on the area charts are medians. A median average is found by arranging the data in order of size and selecting the amount at the midpoint. Because a median average thus eliminates the influence of the two extremes, it gives a very good picture of the typical area in each group.

On the chart on the front page we have also shown national averages for each of the groupings of metropolitan areas: (1) 50,000 to 250,000 population; (2) 250,000 to 500,000 population; (3) 500,000 to 1,000,000 population; and (4) 1,000,000 population and over. These averages should more properly be called arithmetic means. An arithmetic mean is obtained by adding the amounts of all the items and then dividing by the number of items. It will be noticed that the arithmetic mean, being influenced by areas with a greatly accelerated rate of new building, is above the median average of each of the groupings. The arithmetic means are given for each grouping in order that a comparison of new building on a volume basis may be made.

We repeat, the chart on the front page shows the arithmetic mean of the construction rate in the different-sized areas. The red line on each of the individual charts shows the national average for the group in which each area belongs, making it possible to compare the rate in one area (blue line) with the average rate of all other areas of comparable size (red line).

# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

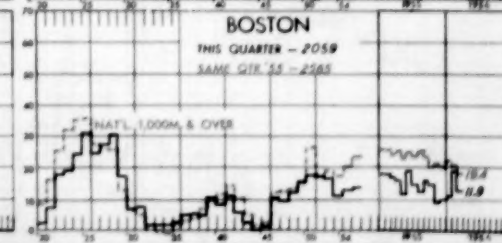
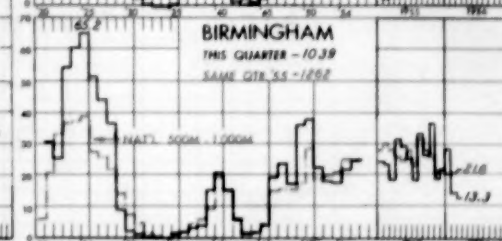
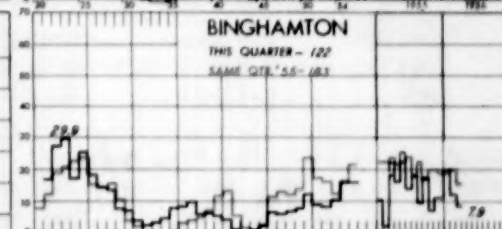
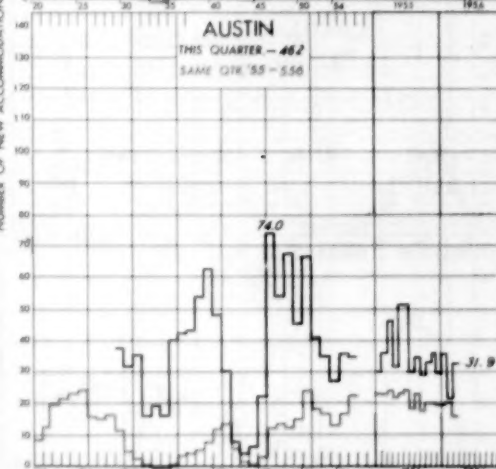
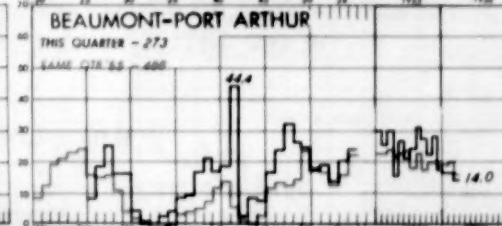
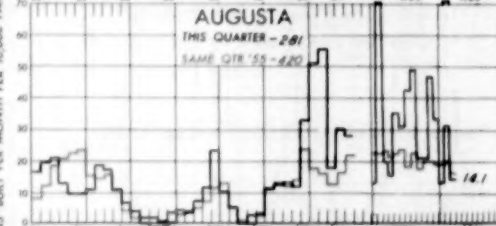
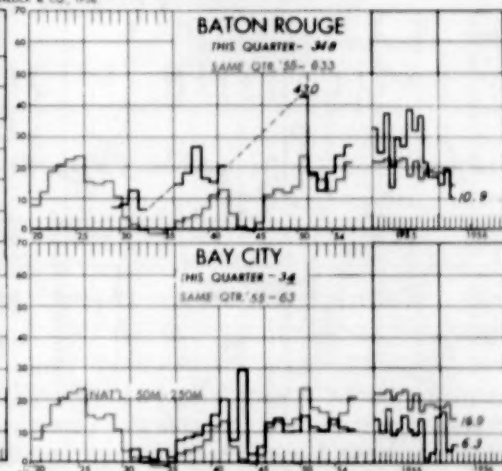
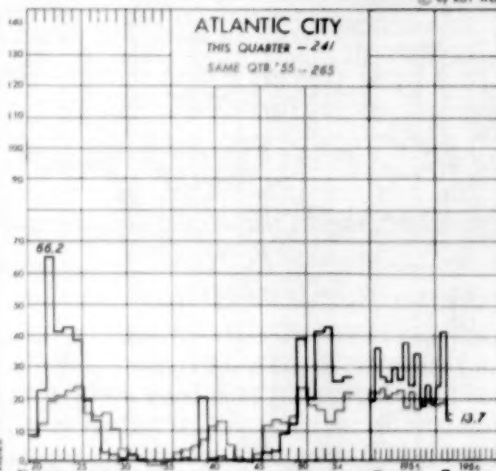
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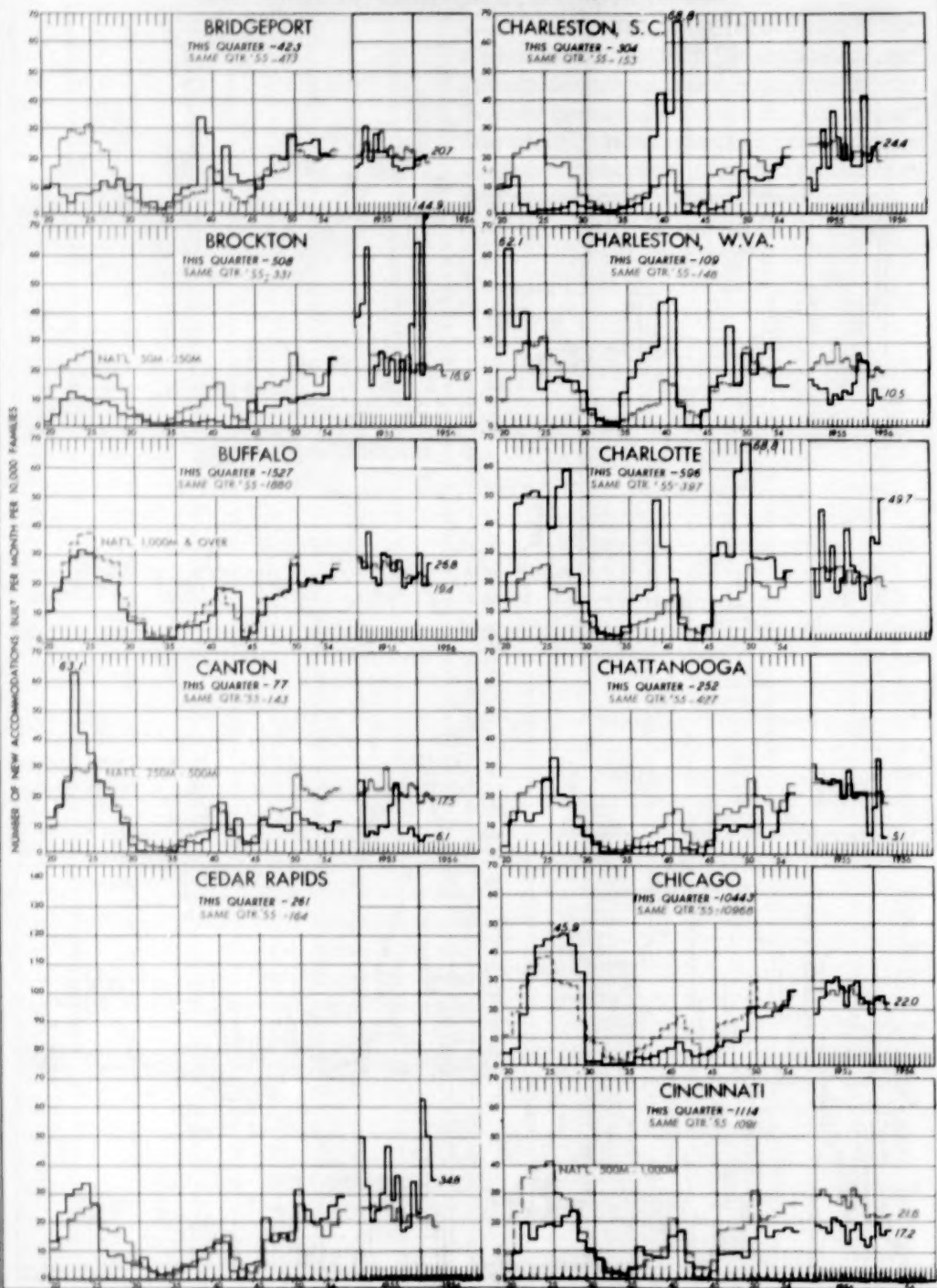
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES





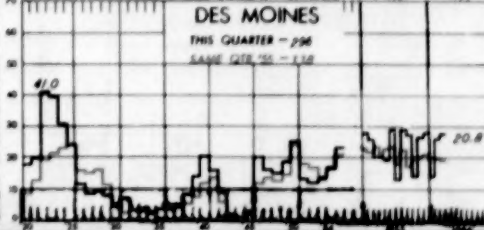
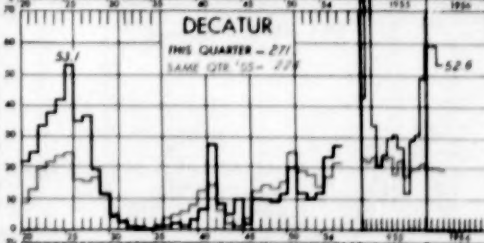
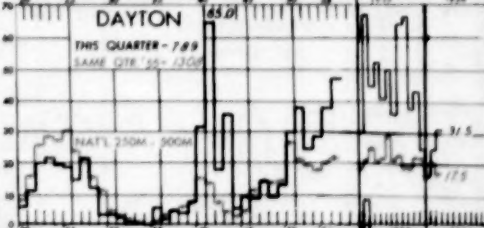
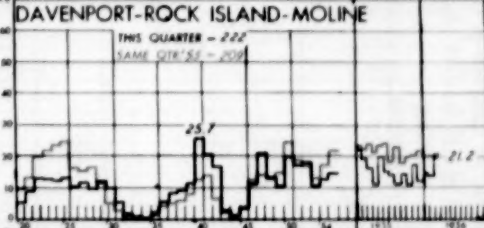
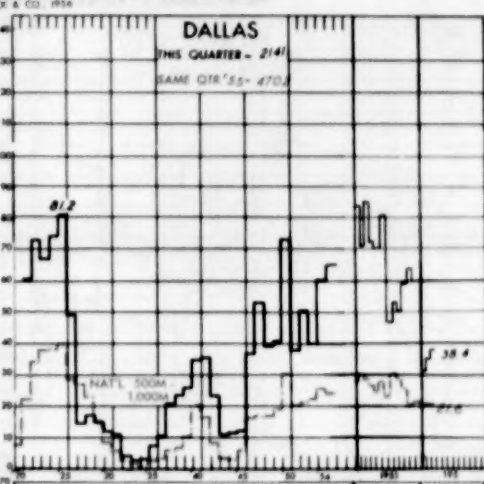
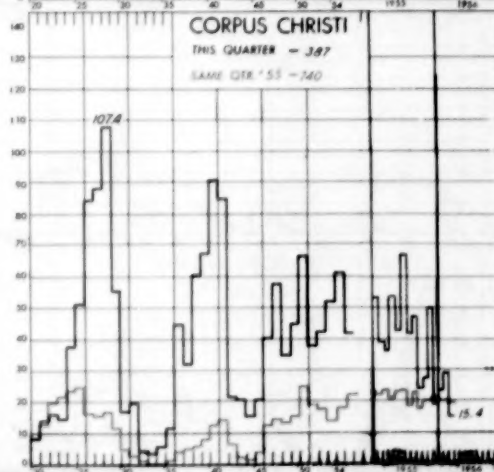
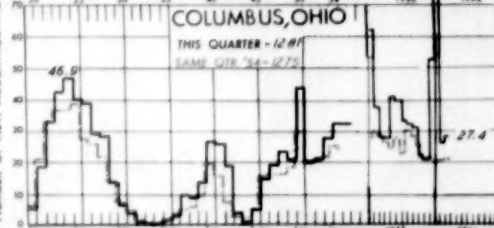
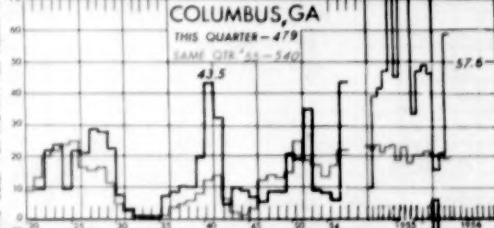
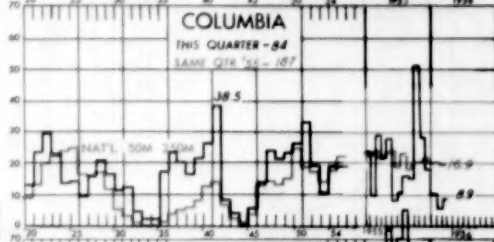
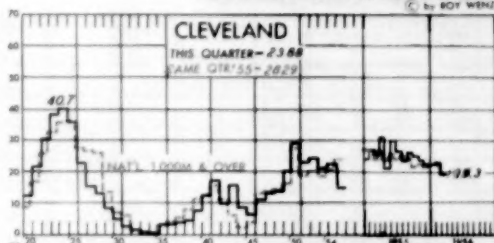
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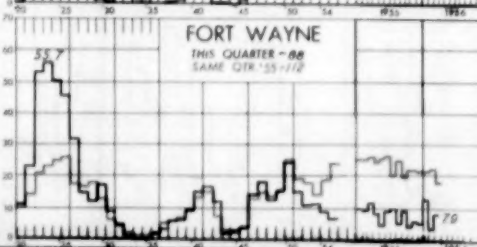
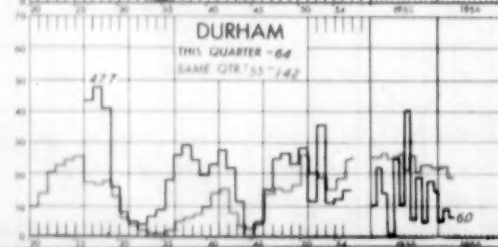
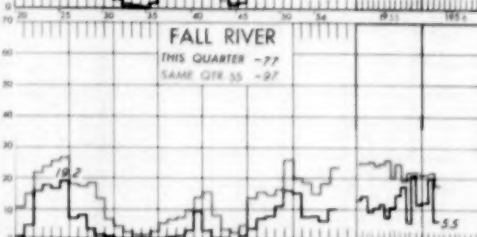
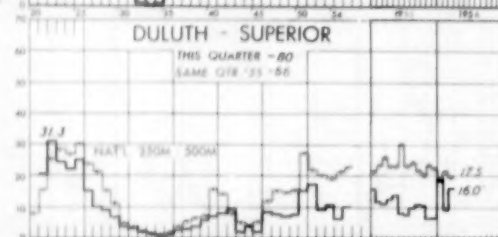
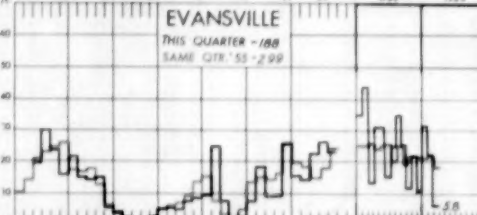
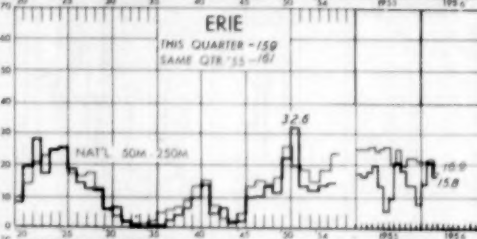
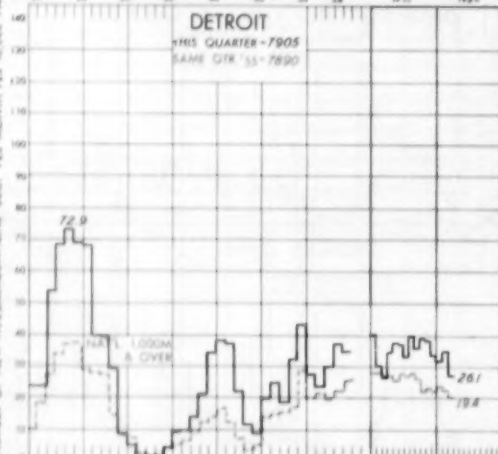
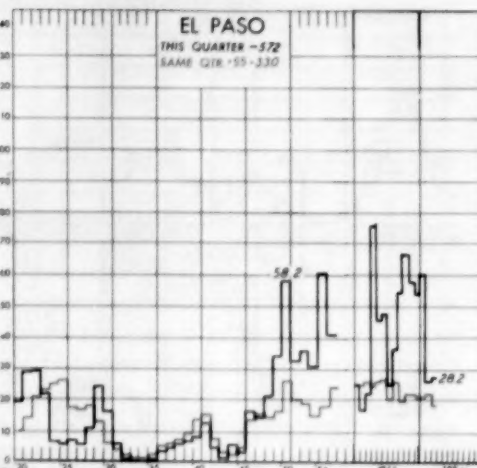
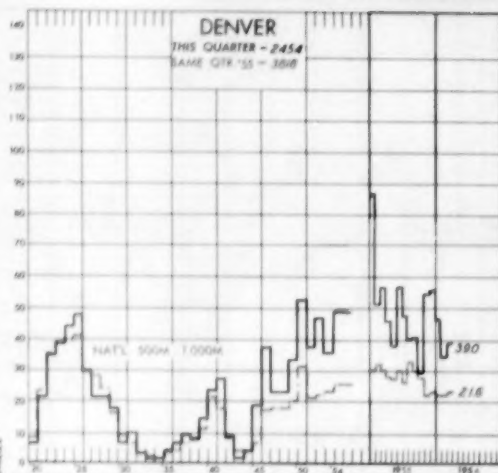
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



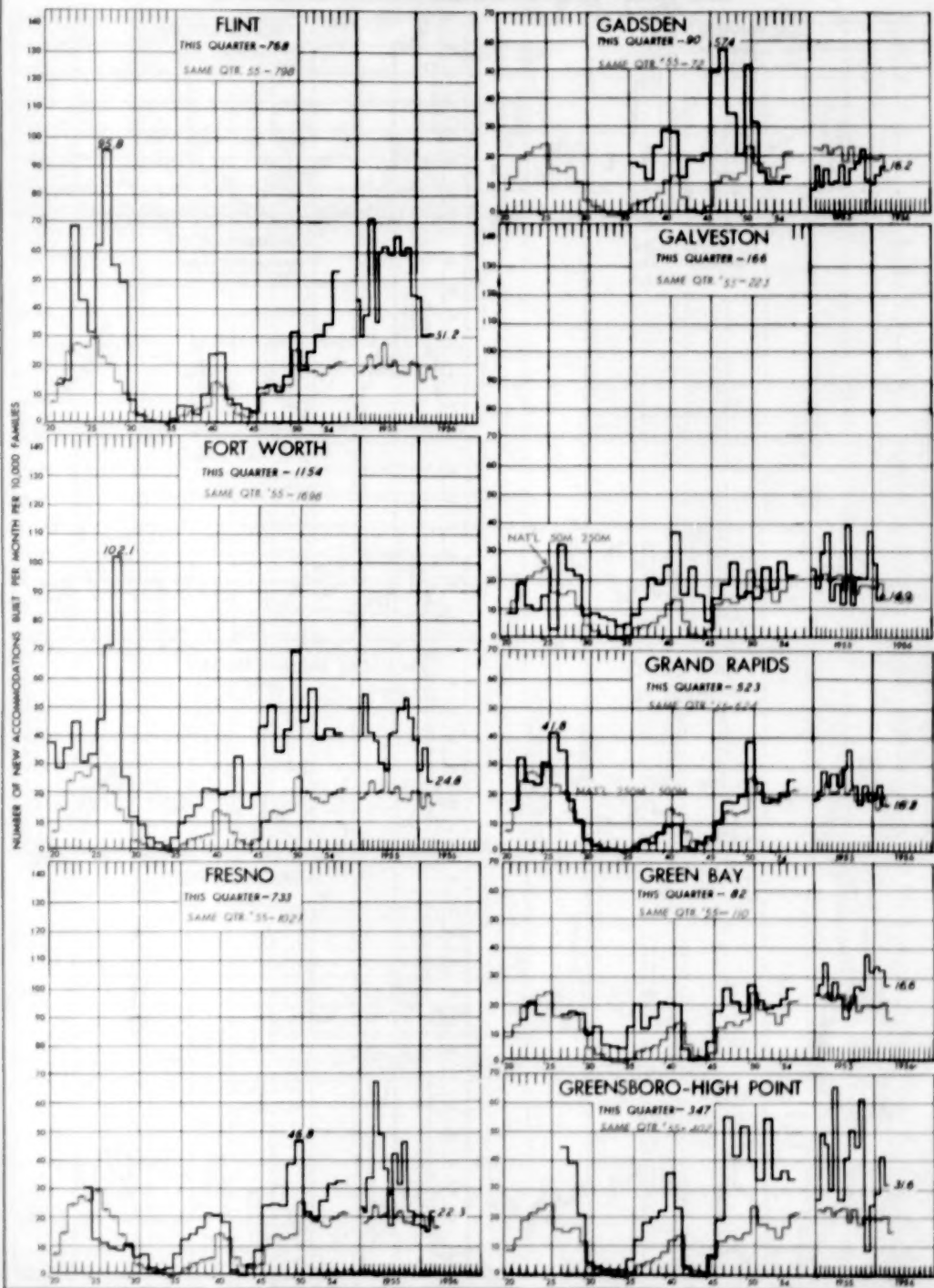
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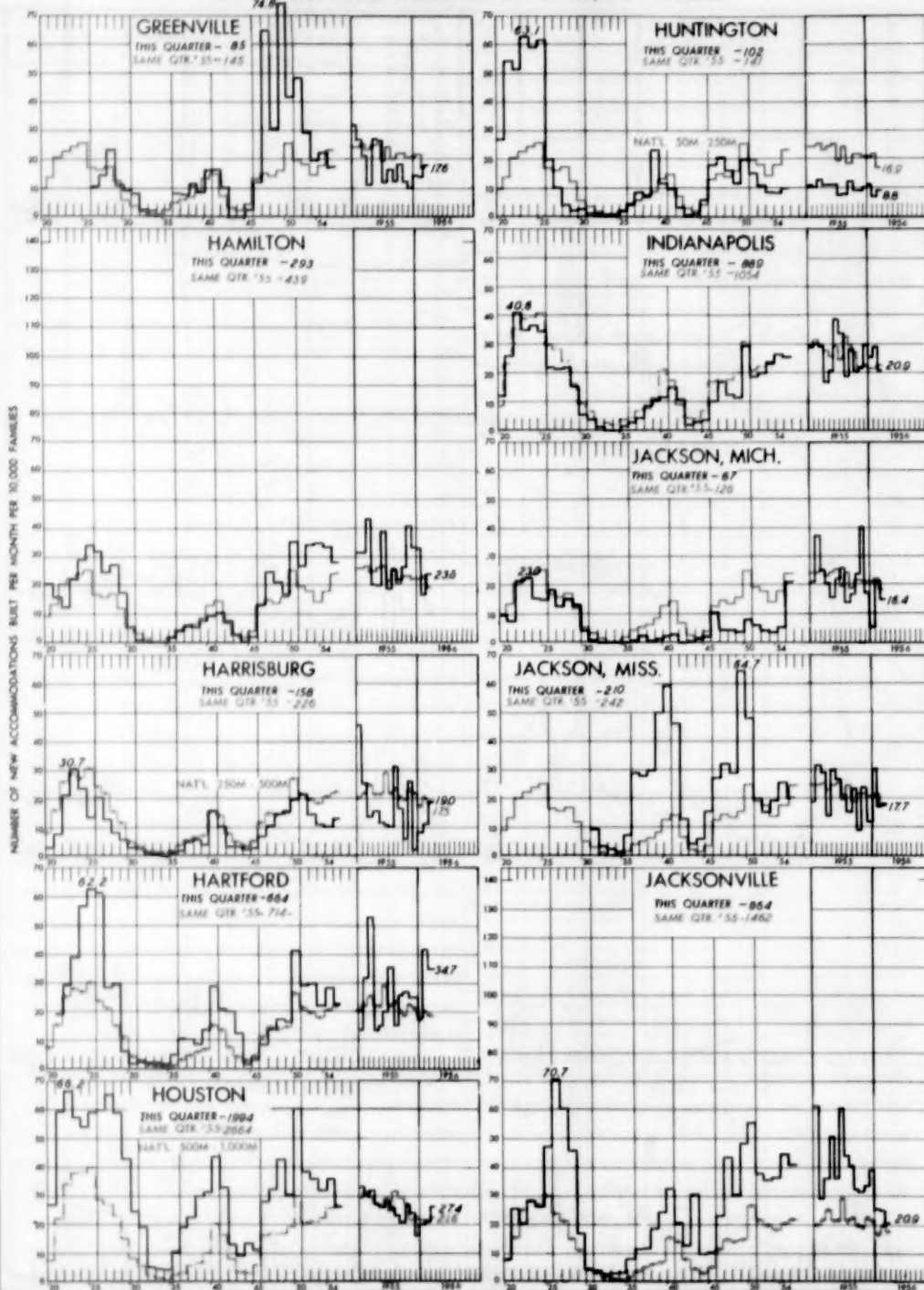




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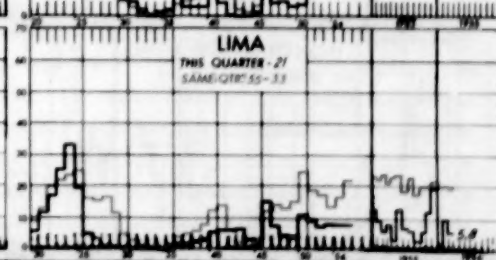
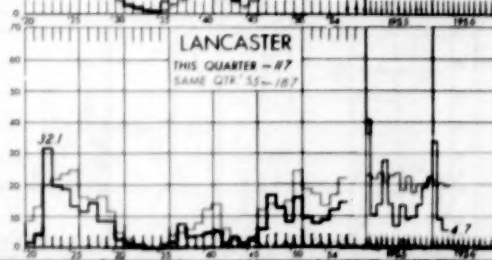
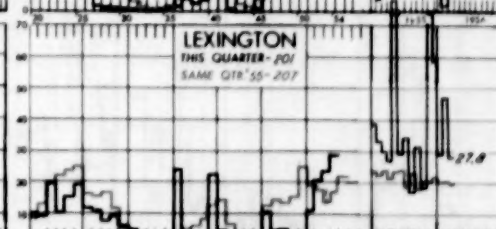
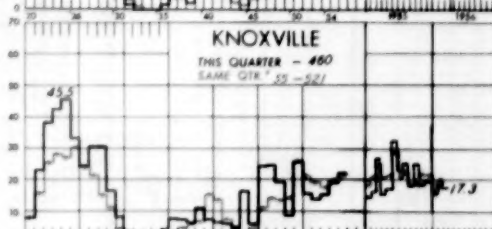
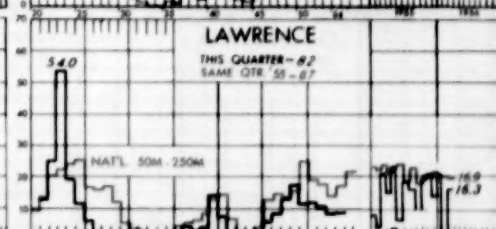
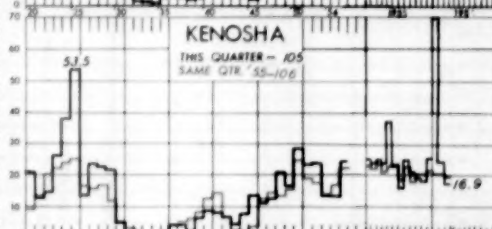
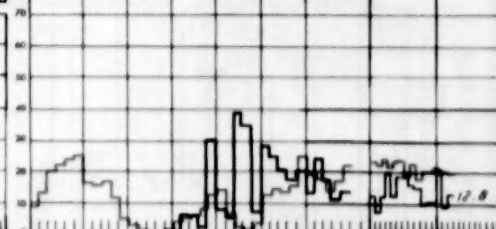
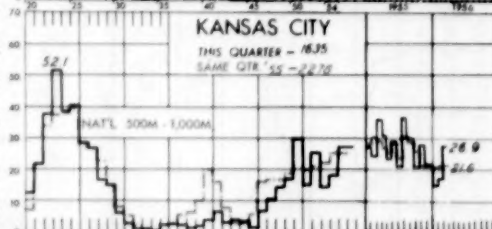
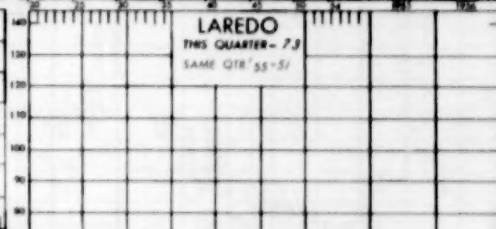
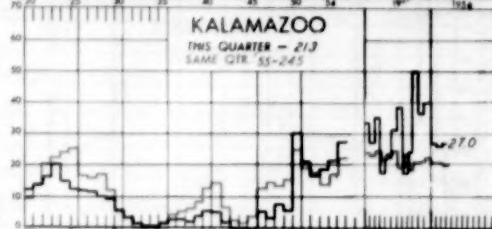
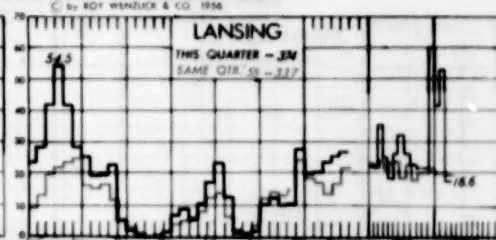
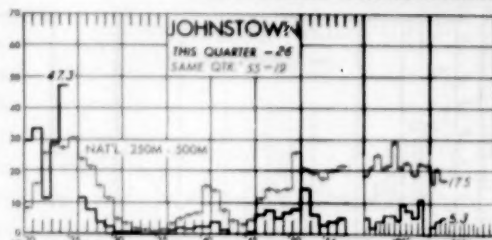
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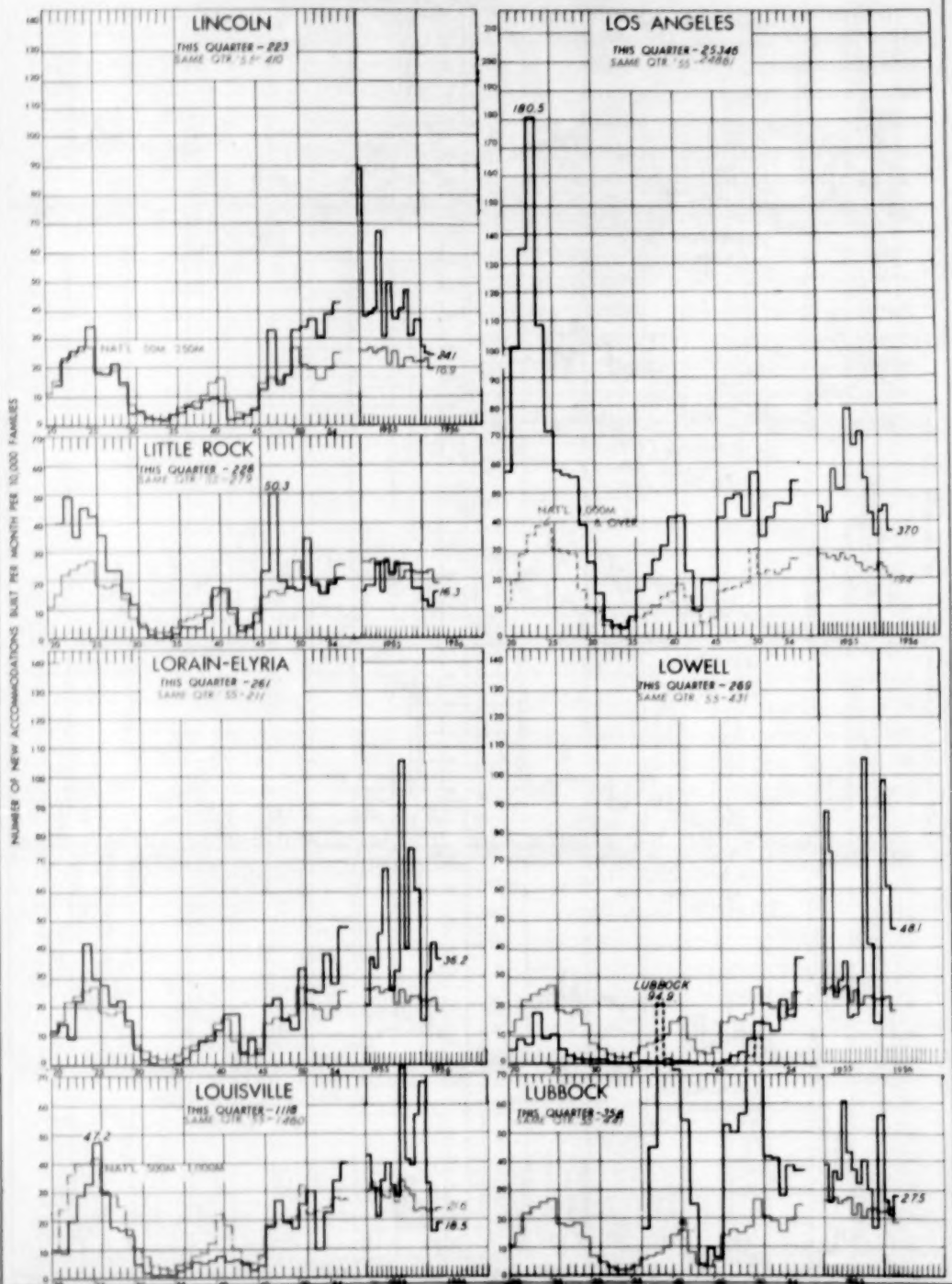
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES

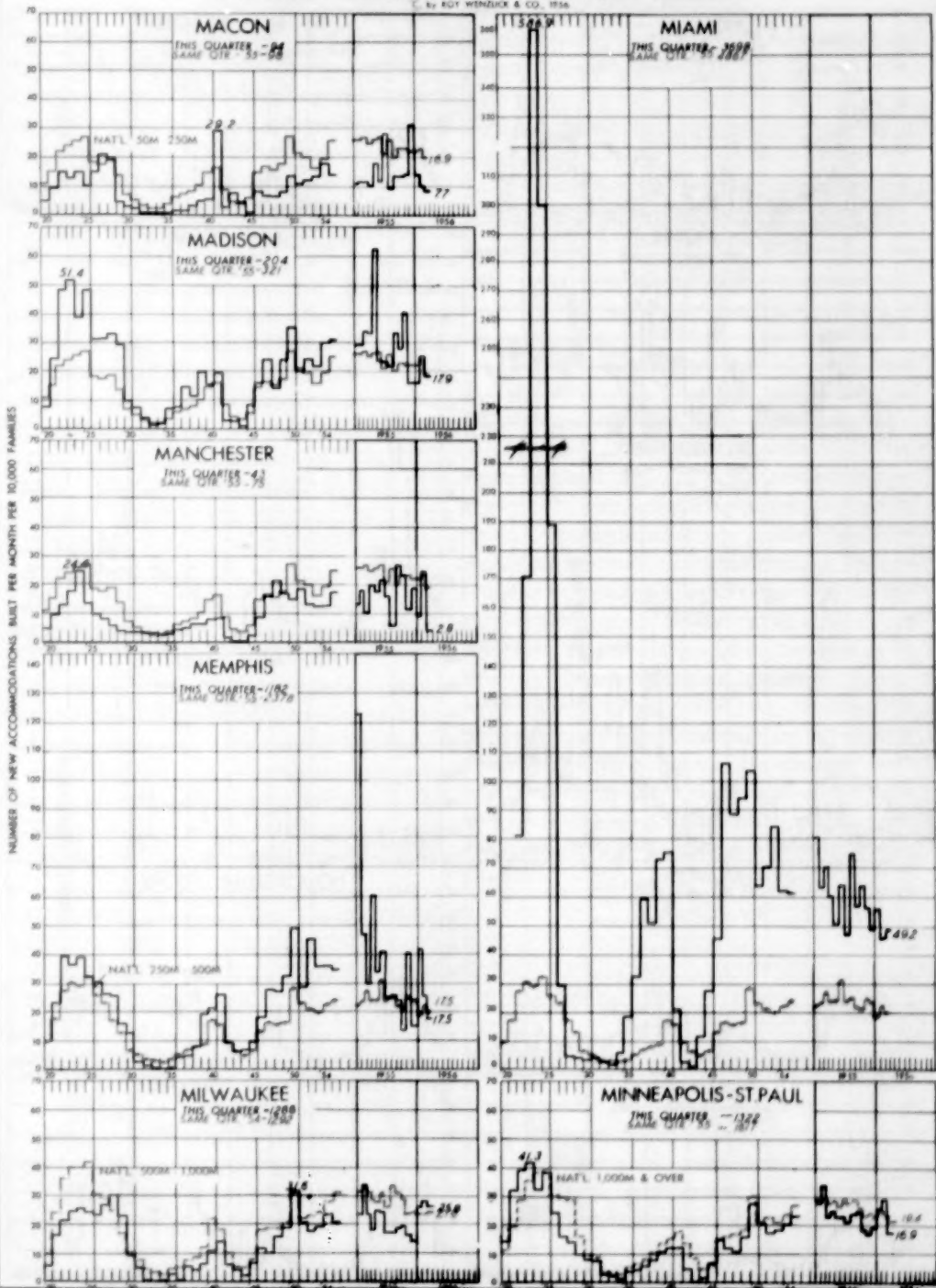


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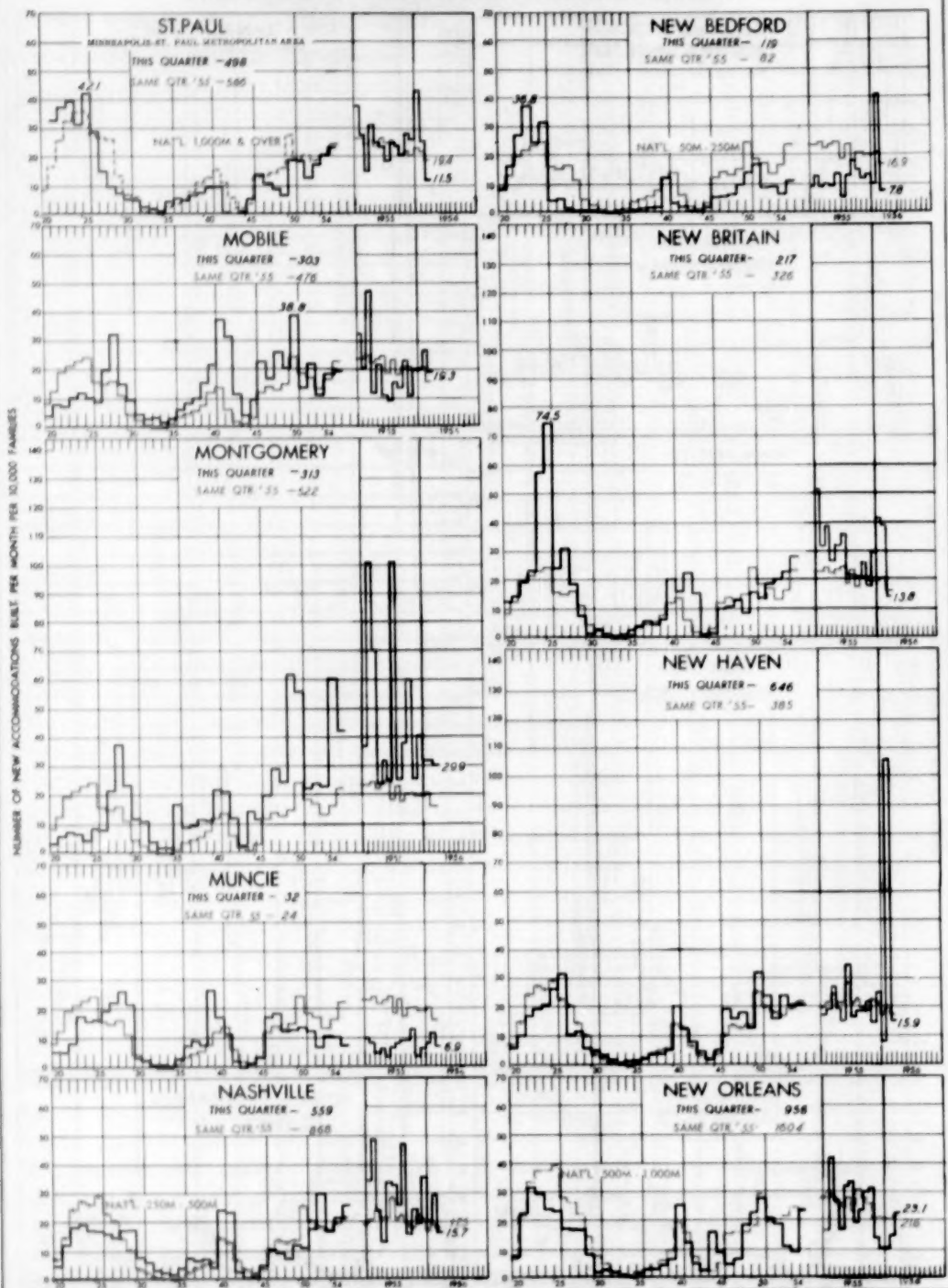
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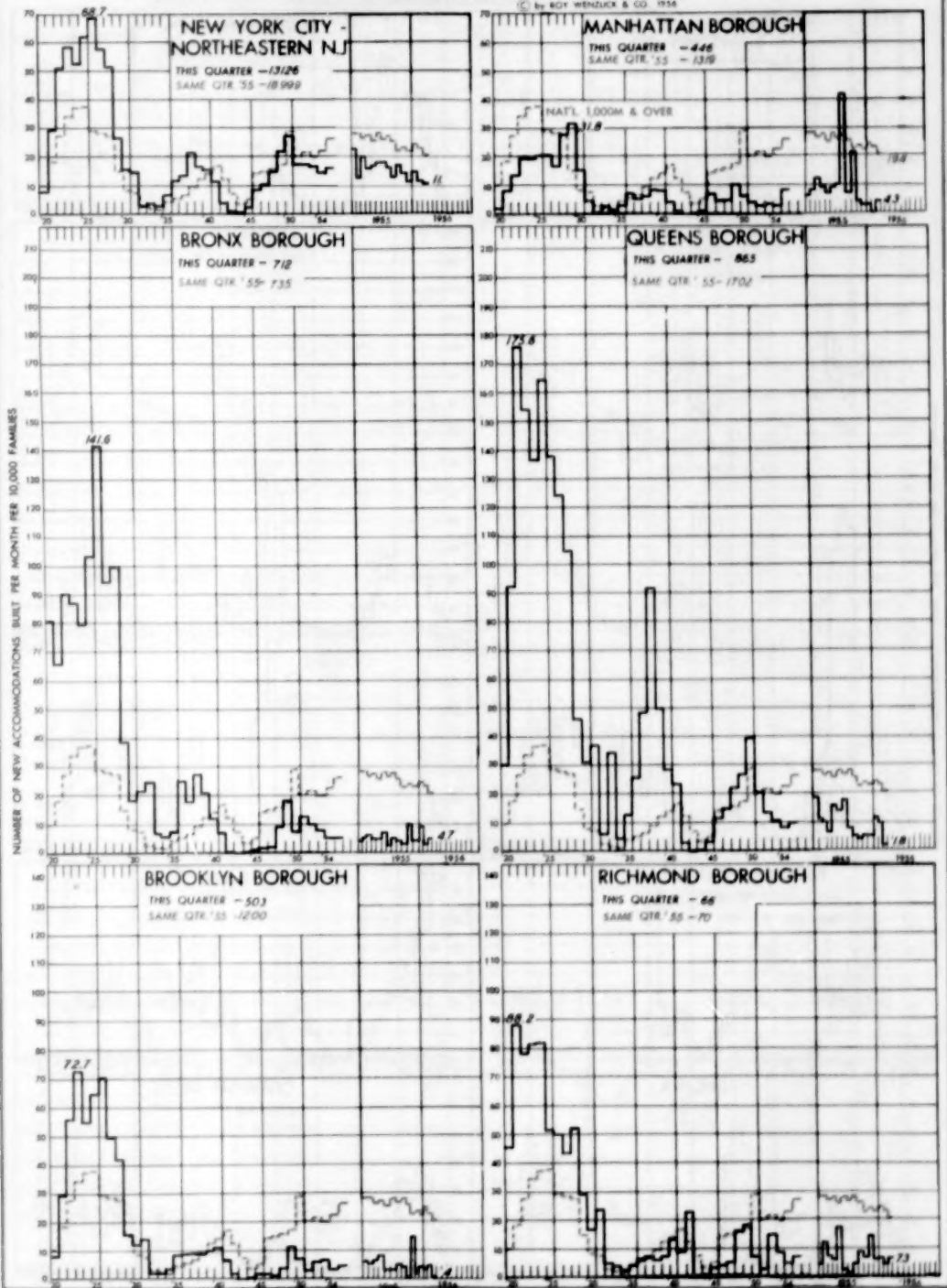


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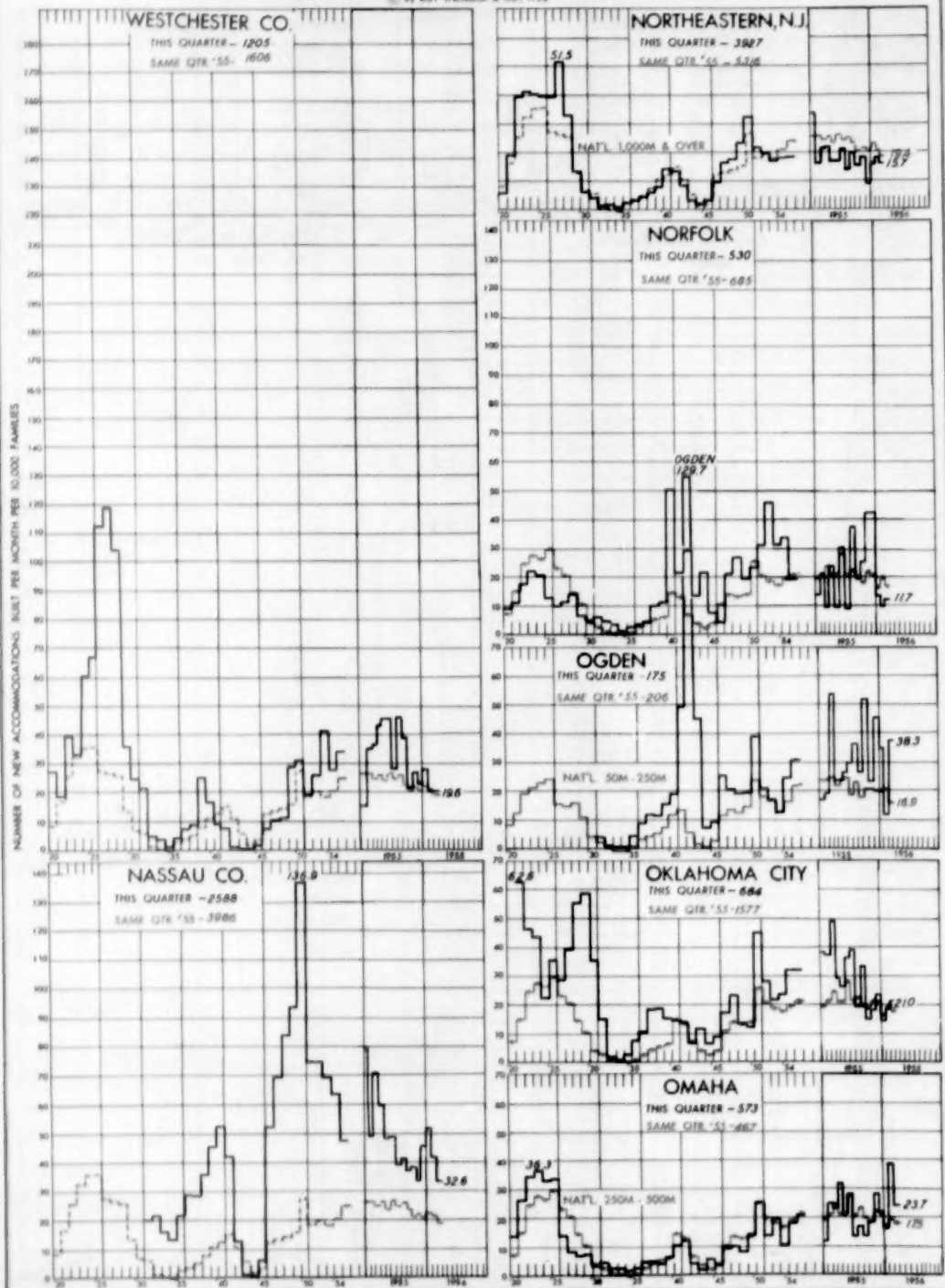
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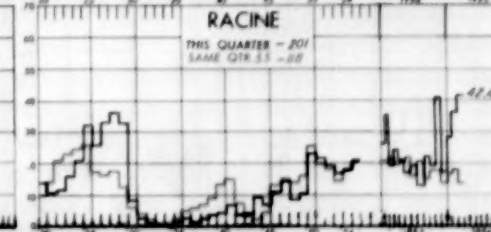
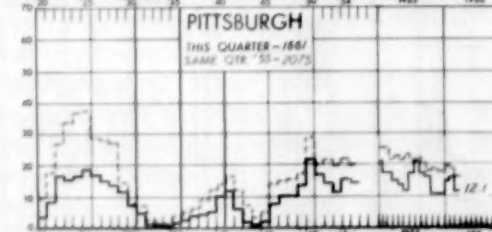
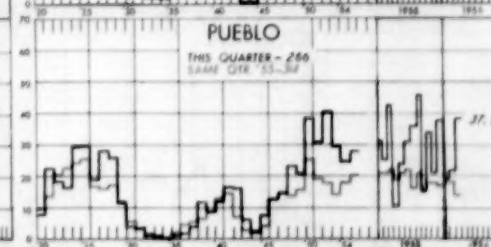
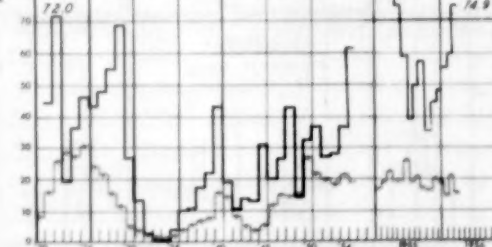
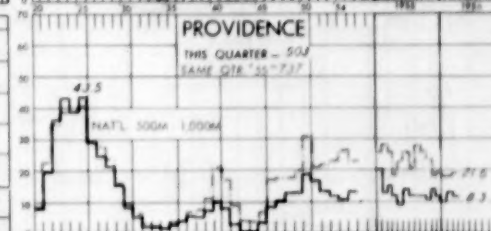
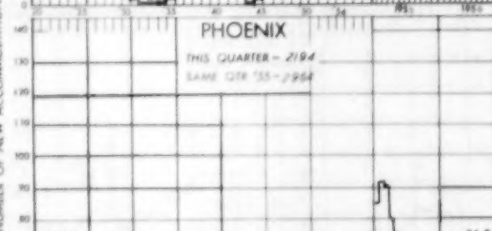
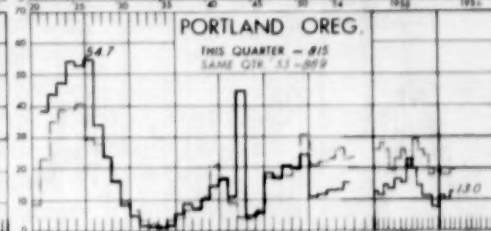
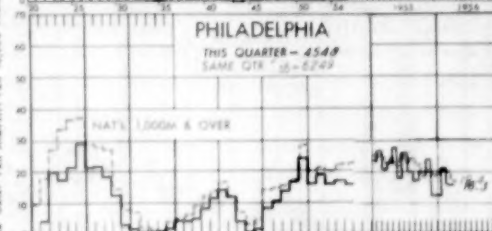
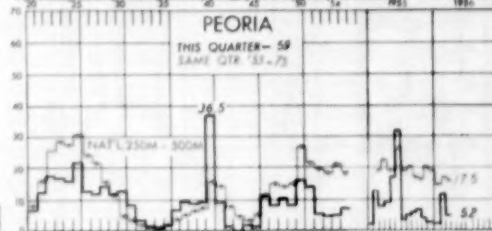
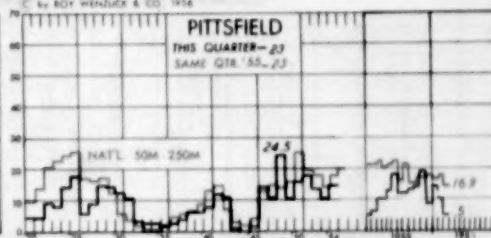
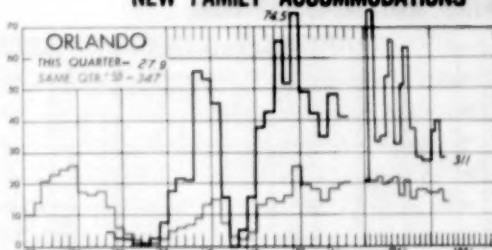
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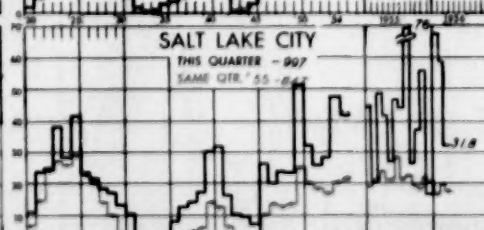
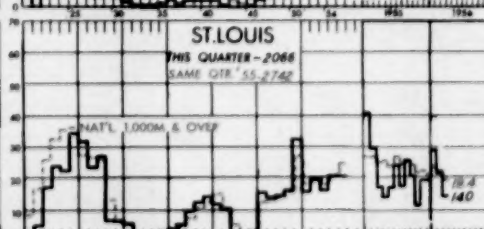
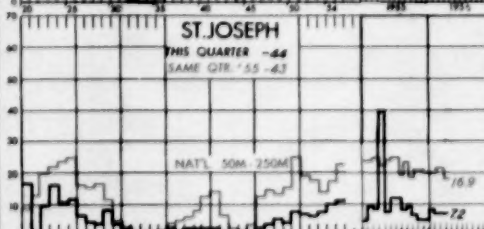
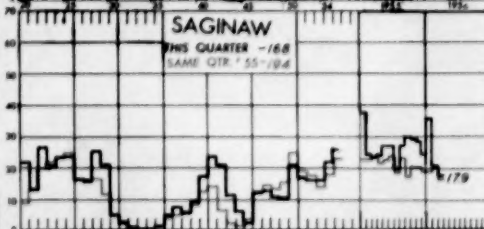
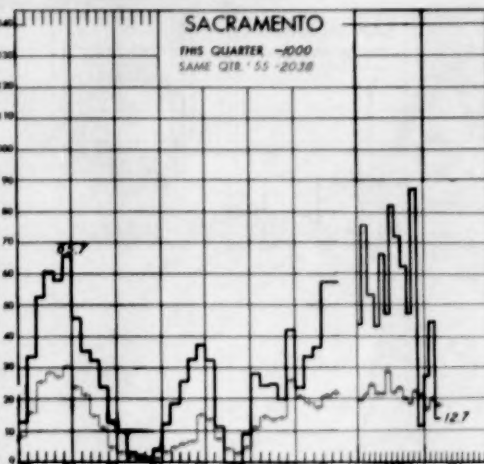
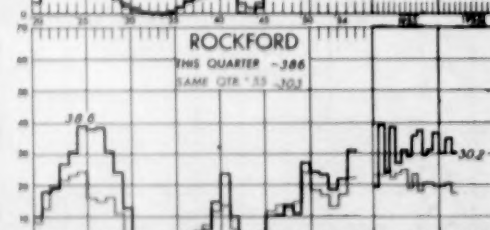
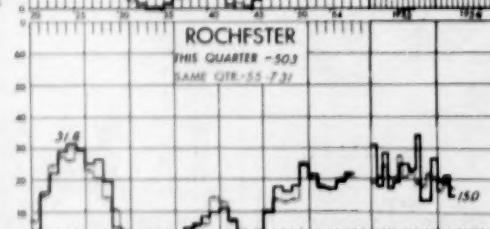
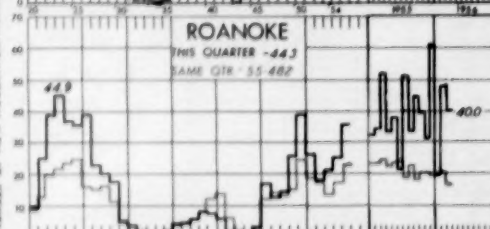
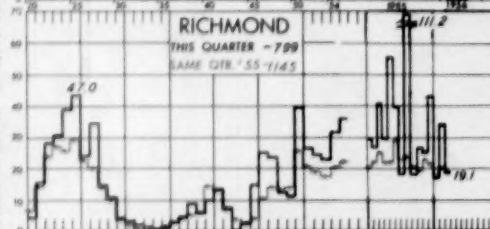
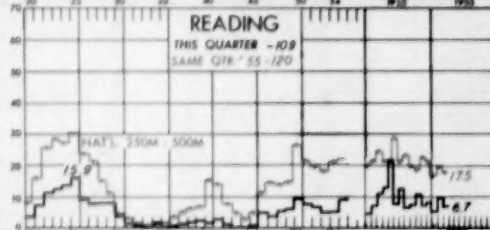
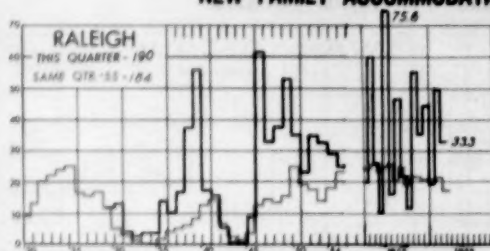
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



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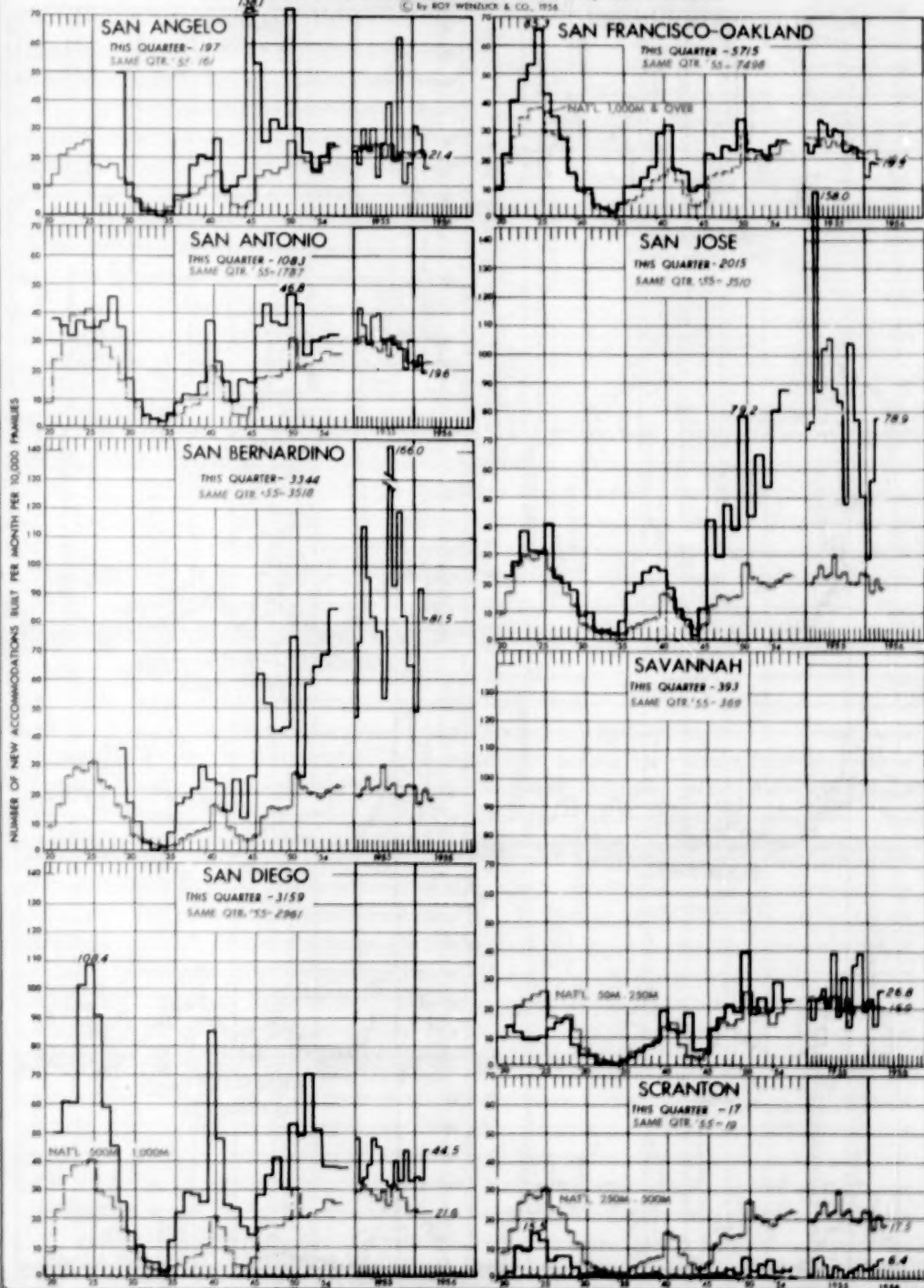
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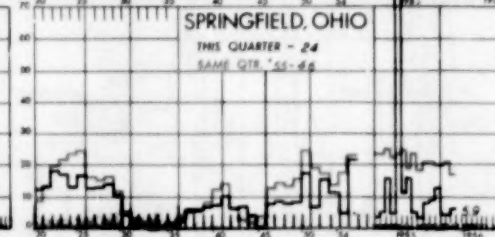
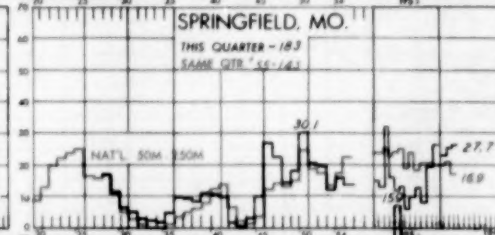
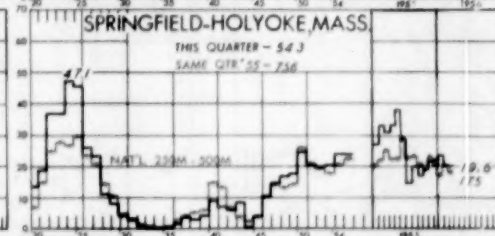
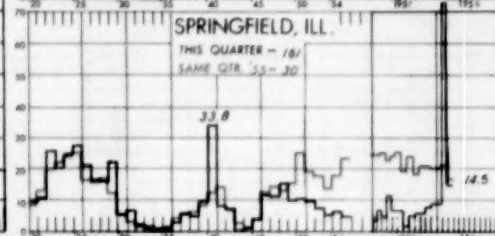
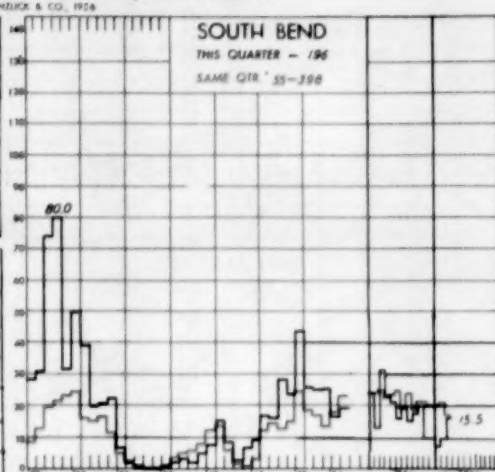
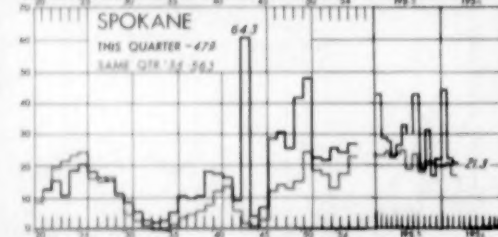
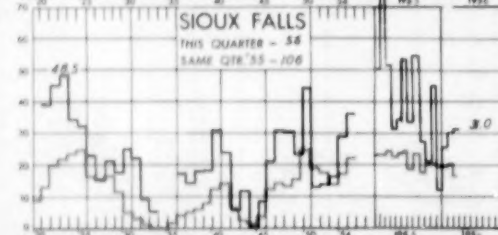
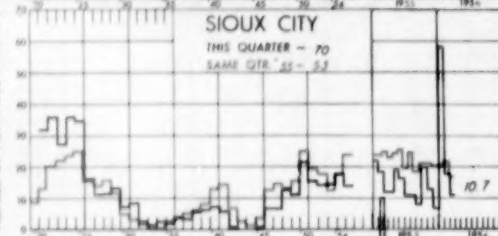
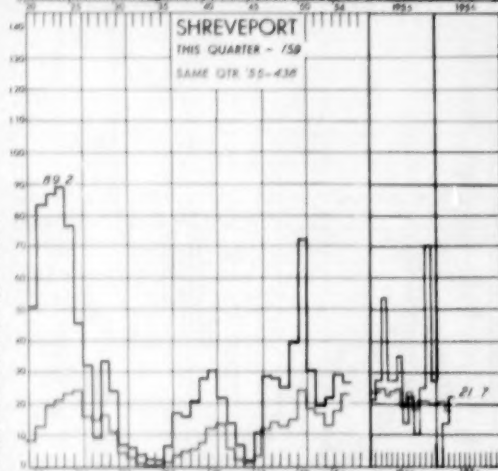
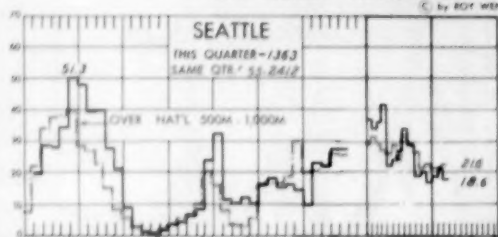
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# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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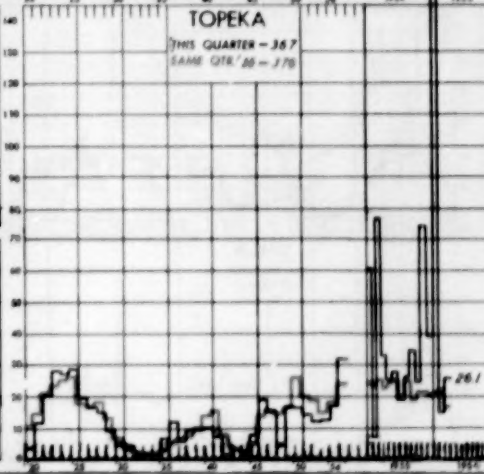
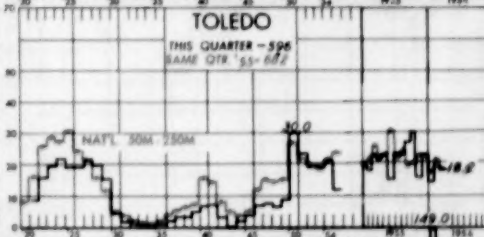
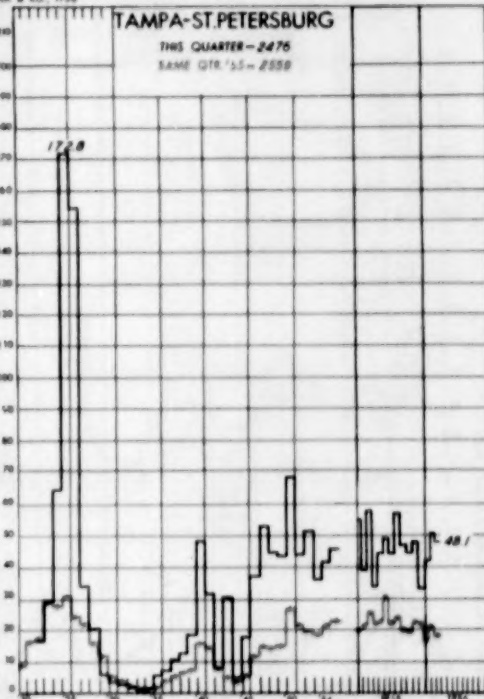
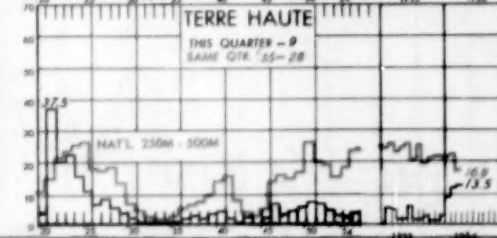
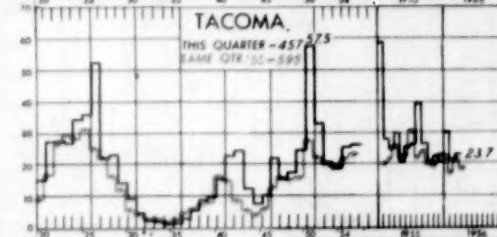
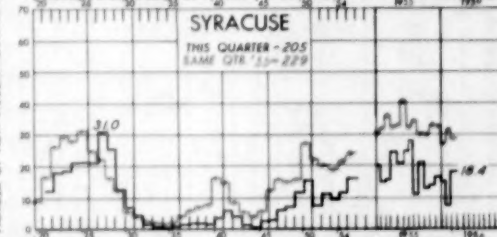
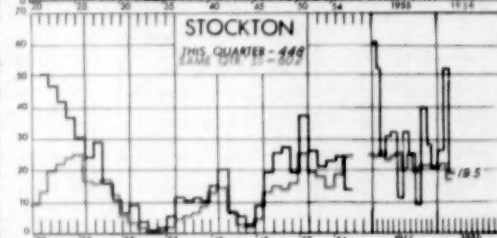
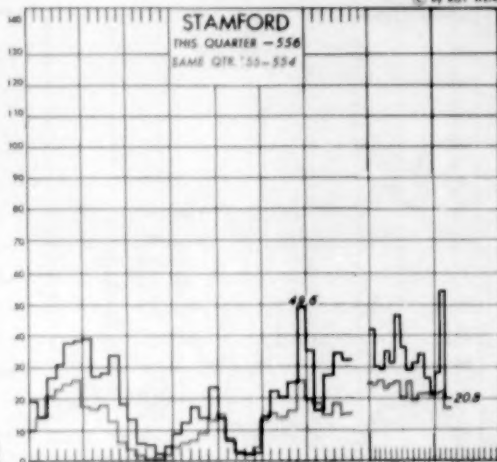
NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



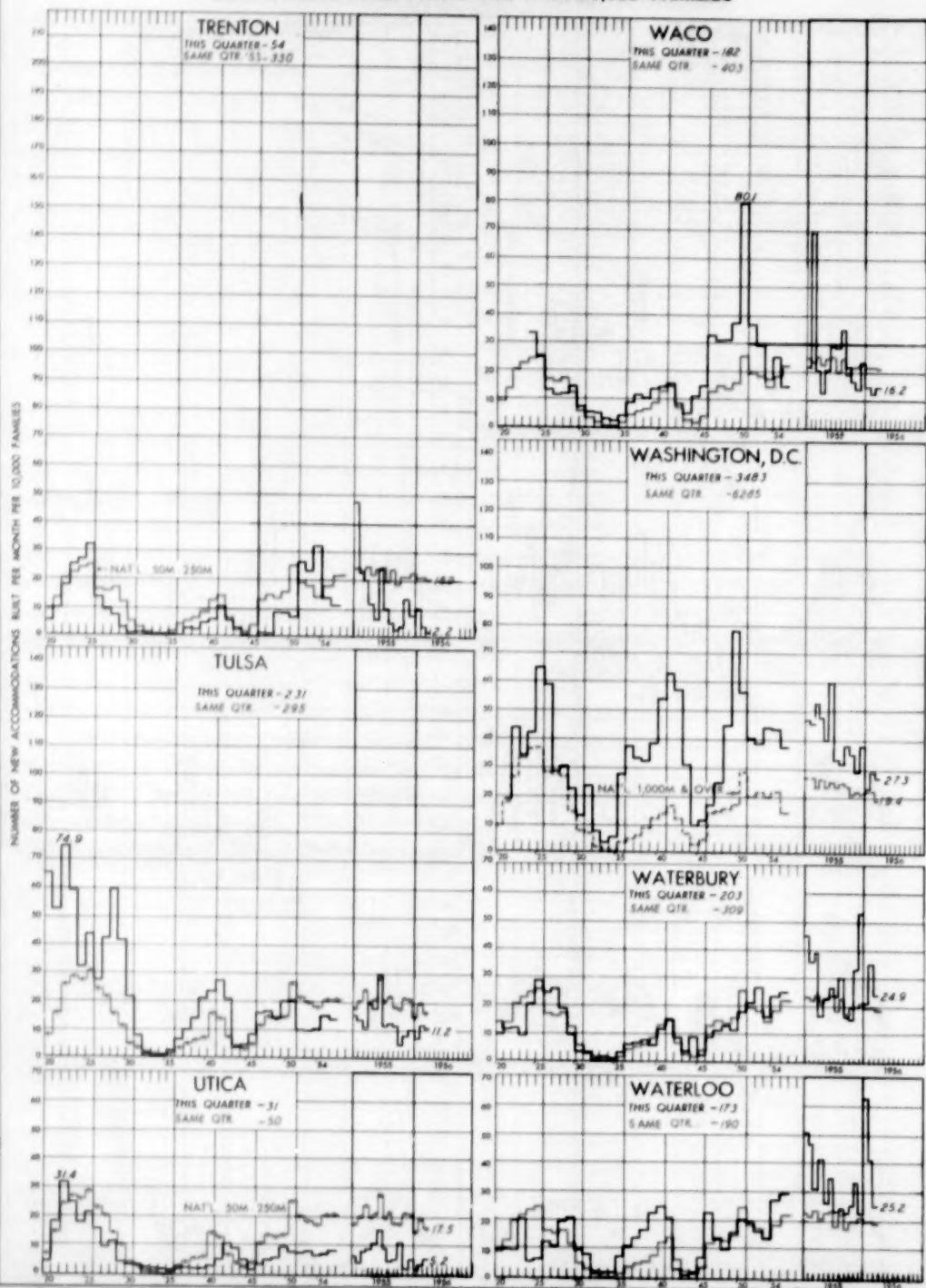
# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



## NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES



# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES

